

**SPRING BAYOU WATER WORKS DISTRICT  
MARKSVILLE, LOUISIANA**

**FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date SEP 25 2013

**DUCOTE & COMPANY  
Certified Public Accountants  
P. O. Box 309  
219 North Washington St.  
Marksville, LA71351**

**SPRING BAYOU WATER WORKS DISTRICT  
MARKSVILLE, LOUISIANA  
As of and for the Year Ended December 31, 2012**

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**INDEPENDENT ACCOUNTANTS' COMPILATION REPORT**

Board of Directors  
Spring Bayou Water Works District  
Marksville, Louisiana  
Avoyelles Parish, Louisiana

We have compiled the accompanying financial statements of the Spring Bayou Water Works District, Marksville, Louisiana as of and for the year ended December 31, 2012. We have not audited or reviewed the accompanying financial statements, and accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of American.

The management of the Spring Bayou Water Works District is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and supplementary schedules.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist the management of the District in presenting financial information in the form of financial statements and supplementary schedules without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management's discussion and analysis, supplementary information required by the Governmental Accounting Standards Board, is not a required part of the basic financial statements. The Spring Bayou Water Works District has not presented this information as part of the financial report for the year ended December 31, 2012.

**Ducote & Company**

Certified Public Accountants  
Marksville, Louisiana  
June 20, 2013

## **BASIC FINANCIAL STATEMENTS**

**SPRING BAYOU WATER WORKS DISTRICT**  
**Marksville, Louisiana**  
**Statement of Net Assets**  
**December 31, 2012**

**ASSETS**

Cash and cash equivalents	\$38,926
Accounts receivables	5,845
Restricted assets - cash and cash equivalents	20,717
Capital assets:	
Land	500
Machinery and equipment, net of accum depr	<u>490,034</u>
<b>TOTAL ASSETS</b>	<u><b>556,022</b></u>

**LIABILITIES**

Accounts payable	7,218
Accrued interest payable	146
Long term liabilities:	
Due within one year	5,807
Due in more than one year	<u>298,687</u>
<b>TOTAL LIABILITIES</b>	<u><b>311,859</b></u>

**NET ASSETS**

Invested in capital assets, net of related debt	191,700
Restricted for:	
Debt service	14,910
Unrestricted	<u>37,553</u>
<b>TOTAL NET ASSETS</b>	<u><u><b>\$244,163</b></u></u>

See accompanying notes and accountants' compilation report.

**SPRING BAYOU WATER WORKS DISTRICT**  
**Marksville, Louisiana**  
**Statement of Revenues, Expenses,**  
**And Changes in Fund Net Assets**  
**Year Ended December 31, 2012**

**OPERATING REVENUES**

Charges for services	\$85,792
Grants	1,358
Membership dues	<u>1,950</u>
Total operating revenues	<u>89,100</u>

**OPERATING EXPENSES**

Water purchased	41,333
Billing and professional fees	9,205
Casual labor	2,650
Depreciation	14,046
Insurance	1,550
Supplies	2,730
Utilities	309
Other costs	<u>2,053</u>
Total operating expenses	<u>73,876</u>

<b>OPERATING INCOME (LOSS)</b>	<u>15,224</u>
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**NON-OPERATING REVENUES (EXPENSES)**

Interest earned	76
Interest expense	<u>(13,294)</u>
Total non-operating revenues (expenses)	<u>(13,218)</u>

Change in net assets	2,006
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Net assets, beginning of year	<u>242,157</u>
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Net assets, end of year	<u><u>\$244,163</u></u>
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See accompanying notes and accountants' compilation report.

**SPRING BAYOU WATER WORKS DISTRICT**  
**Marksville, Louisiana**  
**Statement of Cash Flows**  
**Year Ended December 31, 2012**

<b>Cash Flows from Operating Activities</b>	
Receipts from customers	\$88,701
Grants received	1,358
Payments to suppliers for goods and services	<u>(94,667)</u>
Net cash provided (used) in operating activities	<u>(4,608)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Principal payment on bonds	(5,560)
Interest paid on bonds	<u>(13,296)</u>
Net cash provided (used) in capital and related financing activities	<u>(18,856)</u>
<b>Cash flows from Investing Activities:</b>	
Interest received	<u>76</u>
Net cash provided (used) in investing activities	<u>76</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(23,388)
Cash and cash equivalents, beginning of year	<u>83,031</u>
Cash and cash equivalents, end of year	<u><u>\$59,643</u></u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>	
Operating income (loss)	15,224
Adjustments to reconcile net earnings to net cash provided (used) by operating activities	
Depreciation	14,046
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	961
Increase (decrease) in accounts payable	<u>(34,839)</u>
Net cash provided by operating activities	<u><u>\$(4,608)</u></u>

See accompanying notes and accountants' compilation report.

**SPRING BAYOU WATER WORKS DISTRICT  
MARKSVILLE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012**

**INTRODUCTION**

The Spring Bayou Water Works District, Marksville, Louisiana was incorporated on October 9, 1990, under the provision of the Louisiana Revised Statutes 33:3814, by the Avoyelles Parish Police Jury. The District operates under a President-Board form of government, whose appointments are made by the Avoyelles Parish Police Jury. The members of the board receive \$15 per meeting attended, with the President receiving \$30 per meeting attended. The District is responsible for maintaining and operating a water system within the boundaries of the district.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under the provisions of this Statement, the Spring Bayou Water Works District is considered a component unit of the Avoyelles Parish Police Jury. As a component unit, the accompanying financial statements may be included within the reporting entity of the primary government, either blended into those financial statements or separately reported as a discrete component unit.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES**

**A. FINANCIAL STATEMENTS**

Government Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, provides that special-purpose governments engaged only in business-type activities should present only the financial statements required for the enterprise fund. For these governments, basic financial statements and required supplemental information (RSI) consist of:

1. Management's discussion and analysis (MD&A)
2. Statement of net assets
3. Statement of revenues, expenses and changes in net assets
4. Statement of cash flows
5. Notes to the financial statements
6. RSI other than MD&A, if applicable

The Spring Bayou Water Works District is a special-purpose government engaged only in business-type activities.



**SPRING BAYOU WATER WORKS DISTRICT  
MARKSVILLE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)**

**B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

Enterprise fund statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing related to cash flows.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operation. The operating expenses of the Spring Bayou Water Works District include the costs of the services, administrative expenses, and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**C. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the department may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the District may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

**D. RECEIVABLES**

All receivables are generally shown net of an allowance for uncollectible accounts. These statements contain no provision for uncollectible accounts. The District is of the opinion that such an allowance would be immaterial to the financial statements taken as a whole.

**SPRING BAYOU WATER WORKS DISTRICT  
MARKSVILLE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, CONTINUED**

**E. NET ASSETS**

In the financial statements, equity is classified as net assets and displayed in three components:

***Invested in capital assets, net of related debt*** – consist of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

***Restricted net assets*** – consist of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, laws, or regulation of other governments; or (2) laws through constitutional provisions or enabling legislation.

***Unrestricted net assets*** – all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

**F. CAPITAL ASSETS**

Capital assets, which include land, the water system, buildings, and equipment are reported in the enterprise fund financial statements. All of the District's capital assets are capitalized at historical cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

	<u>Estimated Lives</u>
Infrastructure – water system	25 - 40 years
Buildings	25 years
Equipment	5 – 10 years

**G. LONG-TERM OBLIGATIONS**

Long-term debt such as revenue bonds payable are reported as liabilities in the statement of net assets.

**SPRING BAYOU WATER WORKS DISTRICT  
MARKSVILLE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, CONTINUED**

**H. ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, disclosures, and revenues and expenses during the reporting period. Actual results could differ from these estimates.

**NOTE 2. CASH AND CASH EQUIVALENTS**

At December 31, 2012 the District has cash and cash equivalents (book balances) as follows:

Demand Deposits	<u>\$59,643</u>
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These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balance) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2012, the District has \$59,658 (collected bank balances). These deposits are secured from risk by \$59,658 of federal deposit insurance.

**NOTE 3. ACCOUNTS RECEIVABLE**

At December 31, 2012 the District has net receivables of \$5,845, as follows:

Water user fees	\$5,845
Allowance for uncollectible accounts	<u>0</u>
Net receivables	<u>\$5,845</u>

**SPRING BAYOU WATER WORKS DISTRICT  
MARKSVILLE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 4. LONG-TERM NOTES PAYABLE**

The following is a summary of long-term debt (revenue bonds payable) activity for the year ended December 31, 2012:

Revenue bonds payable at January 1, 2012	\$310,054
Additions	0
Reductions	<u>(5,560)</u>
Revenue bonds payable at December 31, 2012	<u>\$304,494</u>

All outstanding debt at December 31, 2012, in the amount of \$304,494, are revenue bonds payable with maturities from 2021 until 2045 and interest rates of 4.25% and 4.50%. Loan principal and interest payable in the next fiscal year are \$5,807 and \$13,049, respectively. The individual bond issues are as follows:

	<b>\$120,000</b>	<b>\$233,000</b>
	<b>Bonds</b>	<b>Bonds</b>
Original Issue Date	7/27/1994	5/24/2005
Interest Rate	4.50%	4.25%
Final Payment Date	2033	2045
Interest to Maturity	\$48,819	\$180,657
Principal outstanding	\$89,502	\$214,993
Funding Source	Water Fees	Water Fees

The loans are due as follows:

Year Ending December 31, 2011	Principal	Interest	Total
2013	5,807	13,049	18,856
2014	6,066	12,790	18,856
2015	6,336	12,520	18,856
2016	6,618	12,238	18,856
2017	6,913	11,943	18,856
2018 - 2045	<u>272,754</u>	<u>166,936</u>	<u>439,690</u>
Totals	<u>\$304,494</u>	<u>\$229,476</u>	<u>\$533,970</u>

**SPRING BAYOU WATER WORKS DISTRICT  
MARKSVILLE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 5. RESTRICTED ASSETS**

The bond covenants for the 1994 and 2005 water revenue bond issues, as discussed in Note 4 above, require the district to establish the following reserve accounts:

Water Reserve Fund - The District must transfer \$28 each month until the 2005 funded project is accepted by the District. Following acceptance by the District, the monthly deposit increases to \$66. In May 2006, the monthly deposit increased to \$79, until the account reaches a balance of \$18,856. In July 2034, when the 1994 Bond issue is fully retired, the funds on deposit in the Reserve Fund are to be reduced to \$12,246.

Contingency Fund - The District must transfer \$28 each month until the 2005 funded project is accepted by the District. Following acceptance by the District, the monthly deposit increases to \$66. In May 2006, the monthly deposit increased to \$79, until the account reaches a balance of \$18,856. In August 2034, when the 1994 Bond issue is fully retired, the monthly deposit to the Contingency Fund is reduced to \$103.

As of December 31, 2012, the District was in compliance with the reserve requirements for the bond issues.

**NOTE 6. CAPITAL ASSETS**

A summary of changes in general fixed assets for 2012 as follows:

	Balance 12/31/2011	Additions	Deletions	Balance 12/31/2012
Land	\$500	\$0	\$0	\$500
Building	15,000	0	0	15,000
Water System	605,058	0	0	605,058
<b>Total Capital Assets</b>	<b>620,558</b>	<b>0</b>	<b>0</b>	<b>620,558</b>
Less Accum Depr	(115,978)	(\$14,046)	\$0	(130,024)
<b>Net Capital Assets</b>	<b>\$504,580</b>			<b>\$490,534</b>

**SPRING BAYOU WATER WORKS DISTRICT  
MARKSVILLE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 8. BOARD MEMBER PER DIEM**

<b>Name</b>	<b>Address</b>	<b>Telephone</b>	<b>Position</b>	<b>Per Diem</b>
Donna DeSoto	172 Fins & Feathers, Marksville, LA 71351	318-253-8709	President	\$360
James DeSoto	172 Fins & Feathers, Marksville, LA 71351	318-253-8709	Vice-President	180
Patrick Bordelon	143 Fins & Feathers, Marksville, LA 71351	318-253-8709	Sec/Treas	180
Dale Lambert	760 Boggy Bayou Rd, Marksville, LA 71351	318-253-0564	Board Member	<u>180</u>
				<u><b>\$900</b></u>

**NOTE 7. LITIGATION AND CONTINGENCIES**

At December 31, 2012, the Spring Bayou Water Works District, Marksville, Louisiana was not involved in any litigation that would materially affect the financial statements.

## **SUPPLEMENTAL INFORMATION**

**SPRING BAYOU WATER WORKS DISTRICT  
MARKSVILLE, LOUISIANA  
Supplemental Data Required by USDA**

**1. All Borrowers**

- |   |     |
|---|-----|
| a. Are deposited funds in institutions insured by the Federal Government? | Yes |
| b. Are you exempt from Federal Income Tax?                                | Yes |
| c. Are Local, State, and Federal taxes paid current?                      | Yes |
| d. Is corporate status in good standing with the State?                   | Yes |
| e. List kinds and amounts of insurance and fidelity bonds:                |     |

Insurance Coverage And Policy Number	Insurance Co and Address	Amount Of Coverage	Expiration Date of Policy
Property Ins Policy #NPP8012750	Western World	\$ 50,000	July 2013
Liability Ins Policy #NPP8012750	Western World	\$ 2,000,000	July 2013
Fidelity Bond Policy #00901574TX	Universal Surety	\$ 40,000	October 2013
#00901594TX	Universal Surety	\$ 40,000	October 2013

**2. Recreation and Grazing Association Borrowers Only**  
Not applicable

**3. Water and/or Sewer Utility Borrowers Only**

Water Utility:

- |  |               |
|--|---------------|
| a. Water purchased or produced (CU FT – GAL) | 8,283,520 GAL |
| b. Water Sold (CU FT – GAL)                  | 7,869,344 GAL |
| d. Number of users – water                   | 244           |

**4. Water Rates**

Commercial and Residential Rates:

- \$18.00 Monthly Minimum for first 1,000 gallons  
\$6.00 Per each additional 1,000 gallons

**5. Other Utilities**

Not applicable

**6. Health Care Borrowers Only**

Not applicable

**7. Distribution of All Cash and Investments**

	Construction	Revenue	Debt Svc	Op & Maint	Reserve	All Others	Total
Cash Accts	\$0	\$28,610	\$0	\$0	\$0	\$0	\$28,610
Savings	0	10,316	0	8,712	11,005	0	31,033
	<u>\$0</u>	<u>\$38,926</u>	<u>\$0</u>	<u>\$8,712</u>	<u>\$11,005</u>	<u>\$0</u>	<u>\$59,643</u>

**8. Aged Accounts Receivable**

	0-30	31-60	61-90	91 & Older	Total
Dollar Values	<u>\$5,845</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>5,845</u>
Number of Accts	<u>244</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>244</u>